

RELATED PARTY TRANSACTION POLICY

1. PREAMBLE

The Board of Directors (the "Board") of Kerala Ayurveda Limited ("KAL"), upon recommendation of Audit Committee, has adopted the following policy and procedures regarding the review and approval of Related Party Transactions and the guidelines on materiality of such Related Party Transactions. This policy is to regulate transactions between the Company and its related parties based on the laws and regulations applicable on the company.

The said policy includes materiality thresholds and the manners of dealing with Related Party Transactions in compliance with the requirements of Section 188 of the Companies Act, 2013 and Rules thereunder and Regulation 23 of SEBI (LODR) Regulations, 2015.

2. OBJECTIVE OF THE POLICY

The Policy is intended to ensure timely identification of Related Party Transactions (RPT), its salient terms and conditions, the approval process, outline the disclosure and reporting requirements thereof and to ensure transparency in the conduct of RPT's, so that there is no conflict of interest.

3. DEFINITIONS

- (i) "Act" means Companies Act 2013, and Rules Frame hereunder, including any modifications, Amendments, Clarifications, Circulars, or re-enactments thereof.
- (ii) "Arm's Length Transaction" means a transaction between two related parties that is conducted as if they were unrelated, so that there is no question of conflict of interest.
- (iii) "Audit Committee or Committee" means Audit Committee constituted by the Board of Directors of the Company under the provisions of the SEBI (LODR) Regulations, 2015 and the Companies Act, 2013, from time to time.
- (iv) "Board" means Board of Directors of the Company.
- (v) "Company" means KERALA AYURVEDA LIMITED.
- (vi) "Key Managerial Personnel" shall mean the officers of the Company as defined in Section 2(51) of the Act.
- (vii) "Policy" means Related Party Transaction Policy, Including amendments if any from time to time.
- (viii) "Material Related Party Transaction" – As per regulation 23 of SEBI (LODR) Regulations, 2015, a transaction with a related party shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the company. The term shall have the meaning ascribed to it under regulation 23 as may be amended from time to time or relevant provisions of the Act.
- (ix) "Relative" in relation to an Individual, means persons as defined under section 2(77) of the Act and Rules made thereunder.

- (x) "Related Party" means an individual, entity, firm, body corporate or person as defined under section 2(76) of the Act and regulation 23 of SEBI (LODR) Regulations, 2015 as may be amended from time to time.
- (xi) "Related Party Transaction" as defined under regulation 23 of SEBI (LODR) Regulations, 2015 means a transfer of resources, services or obligations between the Company and a related party, regardless of whether a price is charged. The term shall have the meaning ascribed to it under regulation 23 of SEBI (LODR) Regulations, 2015, as may be amended from time to time or relevant provisions of the Act.

4. MATERIALITY THRESHOLDS

Regulation 23 of SEBI (LODR) Regulations, 2015, requires a company to provide materiality thresholds for transactions beyond which the shareholders' approval will be required by way of a special resolution. The Company has fixed its materiality threshold at 10% of the annual consolidated turnover of the Company as per last audited financial statements of the company for the purpose of Regulation 23 (4) of SEBI (LODR) Regulations, 2015.

5. MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS

A. Identification of related parties

Company will identify and update the list of related parties as prescribed under Section 2(76) of the Act read with the Rules framed there under and 6 Agreement.

B. Identification of related party transactions

Company will identify related party transactions in accordance with Section 188 of the Act and Regulation 23 of SEBI (LODR) Regulations 2015 and determine whether the transaction is in the ordinary course of business and at arm's length basis and for this purpose, the Company seeks external professional opinion, if necessary.

C. Procedure for approval of related party transactions

(i) Approval of the Audit Committee

All related party transactions require prior approval of the Audit Committee.

(ii) Omnibus approval

The Company may obtain omnibus approval from the Audit Committee for such transactions, subject to compliances with the following conditions:

- a. The Audit Committee shall lay down the criteria for granting omnibus approval in line with the policy on Related Party Transactions of the Company and such approval shall be applicable in respect of transactions which are repetitive in nature;
- b. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;

- c. Such omnibus approval shall specify the following: Name(s) of the Related Party; Nature of the transaction; Period of transaction; Maximum amount of transaction that can be entered into; The indicative base price/current contracted price and the formula for variation in the price, if any, and; Such other conditions as the Audit Committee may deem fit.
- d. In such cases where the need for Related Party Transaction cannot be foreseen and details as required above are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1 crore per transaction;
- e. The Audit committee shall review, at least on a quarterly basis, the details of Related party transactions entered into by the Company pursuant to each of the omnibus approval given;
- f. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

(iii) Approval of the Board of Directors of the Company

All the Related Party Transactions prescribed under Section 188 of Companies Act, 2013 and within the threshold limits prescribed under rule 15 sub rule(3) of Companies (Meetings of Board and its Powers) Second Amendment Rules, 2014, shall alongwith the Audit Committee Approval shall also require approval of the Board of Directors.

(iv) Approval of the Shareholders of the Company

All the transactions with related parties meeting the materiality thresholds, laid down in Clause 4 of the Policy, are placed before the shareholders for approval.

For this purpose, all entities falling under the definition of related parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

In addition to the above, all kinds of transactions specified under Section 188 of the Act which (a) are not in the ordinary course of business and at arm's length basis; and (b) exceed the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014 are placed before the shareholders for its approval.

6. RATIFICATION:

- a) Any Related Party Transaction entered into without obtaining the prior approval of the Audit/ Board/ Shareholders(respective authority/ies) may be ratified, subject to the applicable provisions of the Companies Act, 2013 and SEBI(LODR) Regulations,2015, if post review of the said transaction / contract, the appropriate authority is satisfied, that the said Related Party Transaction is not detrimental to the interest of the Company,

however, the appropriate authority may also ratify such transaction or contracts, with or without the modification(s).

- b) Where any contract or arrangement is entered into, without obtaining the consent of the Audit Committee, Board or approval by a Special Resolution in the General Meeting and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contractor arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board.
- c) However the Related Party transaction which are entered into without the approval of the appropriate authority and subsequently not ratified by the appropriate authority, the applicable provisions of the Companies Act, 2013, and SEBI (LODR) Regulations, 2015 shall apply.

7. AMENDMENTS TO THE POLICY:

- a) The Board of Directors on its own and / or as per the recommendations of Audit Committee can amend this Policy, as and when deemed fit. Any or all provisions of this Policy would be subject to revision /amendment in accordance with the Rules, Regulations, Notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time.
- b) In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

8. DISCLOSURE

- a) The particulars of contracts or arrangement with Related Parties referred to in section 188(1) of the Companies Act, 2013 shall be disclosed in the Board's Report.
- b) This Policy will be shall be placed on the website of the company at www.keralayurveda.biz